

Message Text

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43

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E.O. 11652: GDS

TAGS: PINT, IT

SUBJECT: SOCIALIST PARLIAMENTARIANS CRITICIZE GOVERNMENT BUDGET

1. BEGIN SUMMARY: CONCERTED CRITICISM OF GOVERNMENT'S PROPOSED 1974 BUDGET BY SOCIALIST PARLIAMENTARIANS HAS DAMAGED CENTER-LEFT HARMONY AND AROUSED IRE OF TREASURY MINISTER LA MALFA. ALTHOUGH SITUATION APPEARS MANAGEABLE, INCIDENT FORESHADOWS SERIOUS TROUBLE IF SOCIALISTS CANNOT BETTER RECONCILE THEMSELVES TO IMPLEMENTATION OF SOME DEGREE OF MUCH-DISCUSSED AUSTERITY, OR IF THEY RESUME OLD TACTIC OF QUESTIONING IN PARLIAMENT DECISIONS TO WHICH THEY HAVE ACQUIESCED IN CABINET. END SUMMARY.

2. AT JOINT MEETING OF SOCIALIST CHAMBER AND SENATE GROUP OCTOBER 4, BROAD RANGE OF SOCIALIST PARLIAMENTARIANS ATTACKED GOVERNMENT'S PROPOSED 1974 BUDGET AS "IRRESPONSIVE TO NATION'S ECONOMIC AND SOCIAL NEEDS" AND AS LACKING ADEQUATE ORIENTATION TO PSI'S REFORM GOALS. CRITICISM WAS ALSO LEVIED AT CONTINUED USE OF "ADMINISTRATIVE" BUDGET FIGURES RATHER THAN CASH BUDGET FIGURES AS MEASUREMENT OF INFLATIONARY IMPACT OF BUDGET. IN AGGREGATE, REMARKS WERE OPEN SLAP AT BOTH TREASURY MINISTER LA MALFA (REPUBLICAN) AND FELLOW SOCIALIST BUDGET MINISTER GIOLITTI, WHO JOINTLY HAD PRESENTED BUDGET TO PARLIAMENT EARLIER IN DAY. LA MALFA RESPONDED SHARPLY AND QUICKLY, POINTING OUT THAT ALL SOCIALIST MINISTERS HAD SHARED IN GOVERNMENT'S UNANIMOUS APPROVAL OF BUDGET, AND DEMANDED THAT PRIME MINISTER RUMOR SUMMON COALITION

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PARTY SECRETARIES FOR A "CLARIFICATION".

3. TOP SOCIALIST LEADERSHIP IMMEDIATELY ENDEAVORED TO PUR OIL ON WATERS. BOTH PSI CHAMBER LEADER MARIOTTI (DE MARTINO) AND SENATE LEADER ZUCALA (MANCINI) ATTEMPTED TO PLAY DOWN INCIDENT, NOTING THAT TIME PRESSURES HAD GIVEN GOVERNMENT NO CHOICE BUT TO ADOPT BUDGET PROVISIONS LARGELY PREPARED BY PREDECESSOR CENTRIST GOVERNMENT. FOLLOWING THESE STATEMENTS, GIOLITTI HIMSELF DECLARED HE CONSIDERED THE MATTER CLOSED. AFTER BRIEF PRIVATE CHAT, RUMOR AND LA MALFA AGREED ANY "CLARIFICATION" WOULD BEST AWAIT COMPLETION OF PENDING GOVERNMENT ACTION ON PENSIONS AS WELL AS OTHER UNSPECIFIED URGENT MATTERS ON AGENDA. NONETHELESS, DEBATE ECHOED ON FOR TWO DAYS IN BOTH REPUBLICAN PARTY ORGAN LA VOCE REPUBBLICA AND SOCIALIST PARTY ORGAN AVANTI, ALTHOUGH LATTER MADE POINT OF DECLARING THAT DISCUSSIONS IN CHAMBER GROUPS HAD ALSO "CONFIRMED BEYOND SHADOW OF DOUBT SOCIALIST PARLIAMENTARY SUPPORT FOR GOVERNMENT'S ECONOMIC POLICY". BOTH DC AND PSDI LEADERSHIP HAVE SOUGHT TO AVOID DRAMATIZING INCIDENT, AND PSDI PARTY SECRETARY ORLANDI TOLD PSDI DIRECTORATE OCTOBER 8 THAT TIME WAS NOT RIPE FOR ANY GATHERING OF PARTY SECRETARIES.

4. COMMENT: AT MOMENT TEMPEST APPEARS TO HAVE SUBSIDED, THERE ARE NO PRESENT INDICATIONS THAT ANY FACTION OF PSI PLANS TO ACTUALLY WITHHOLD SUPPORT WHEN PARLIAMENT EVENTUALLY VOTES ON BUDGET (WHICH IN ITALY IS RARELY SUBJECT OF PROTRACTED POLITICAL DEBATE). IF IN COMING WEEKS GOVERNMENT CAN DEAL EFFECTIVELY WITH VARIOUS MAJOR ISSUES CONFRONTING IT, THIS EPISODE WILL BE FORGOTTEN; IF GOVERNMENT CANNOT, ITS PROBLEMS WILL BE OF A GREATER ORDER. NEVERTHELESS, EPISODE SUGGESTS THAT EASY CENTER-LEFT BEGINNING IS APPROACHING AN END AND THAT COALITION WILL SOON BE SUBJECTED TO PAINFUL PULLING AND TUGGING AS IT ATTEMPTS TO SATISFY INHERENTLY CONFLICTING CALLS FOR CONSUMPTION ON THE ONE HAND, AND AUSTERITY AND REFORM ON THE OTHER. BASIC DANGER IS THAT SOCIALISTS, WHILE WANTING BOTH EXPENSIVE SOCIAL INVESTMENT (I.E., REFORMS) AND FAST ECONOMIC RECOVERY, WILL LACK POLITICAL AND MORAL CAPACITY TO ACCEPT CONCOMITANT LIMITATIONS UPON IMMEDIATE POPULAR CONSUMPTION; LIMITATIONS WHICH WOULD RISK DISPLEASEING BOTH THE UNIONS AND MUCH OF THE PSI WORKING CLASS ELECTORATE.

BEAUDRY

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